

1 AN ACT in relation to public employee benefits.

2 Be it enacted by the People of the State of Illinois,
3 represented in the General Assembly:

4 Section 5. The Illinois Pension Code is amended by
5 changing Sections 7-116, 7-142, 7-142.1, 7-144.3, 7-152,
6 7-156, 7-169, and 7-173.1 as follows:

7 (40 ILCS 5/7-116) (from Ch. 108 1/2, par. 7-116)
8 Sec. 7-116. "Final rate of earnings":

9 (a) For retirement and survivor annuities, the monthly
10 earnings obtained by dividing the total earnings received by
11 the employee during the period of either (1) the 48
12 consecutive months of service within the last 120 months of
13 service in which his total earnings were the highest or (2)
14 the employee's total period of service, by the number of
15 months of service in such period.

16 (b) For death benefits, the higher of the rate
17 determined under paragraph (a) of this Section or total
18 earnings received in the last 12 months of service divided by
19 twelve. If the deceased employee has less than 12 months of
20 service, the monthly final rate shall be the monthly rate of
21 pay the employee was receiving when he began service.

22 (c) For disability benefits, the total earnings of a
23 participating employee in the last 12 calendar months of
24 service prior to the date he becomes disabled divided by 12.

25 (d) For persons who have at least 20 years of service
26 credit as a sheriff's law enforcement employee, the rate of
27 earnings on the last day of service in that capacity, the
28 average rate of earnings during any 12 consecutive months
29 within the last 48 months of service in that capacity, or the
30 rate determined under the other provisions of this Section,
31 whichever is greater.

1 (e) In computing the final rate of earnings: (1) the
2 earnings rate for all periods of prior service shall be
3 considered equal to the average earnings rate for the last 3
4 calendar years of prior service for which creditable service
5 is received under Section 7-139 or, if there is less than 3
6 years of creditable prior service, the average for the total
7 prior service period for which creditable service is received
8 under Section 7-139; (2) for out of state service and
9 authorized leave, the earnings rate shall be the rate upon
10 which service credits are granted; (3) periods of military
11 leave shall not be considered; (4) the earnings rate for all
12 periods of disability shall be considered equal to the rate
13 of earnings upon which the employee's disability benefits are
14 computed for such periods; (5) the earnings to be considered
15 for each of the final three months of the final earnings
16 period shall not exceed 125% of the highest earnings of any
17 other month in the final earnings period; and (6) the annual
18 amount of final rate of earnings shall be the monthly amount
19 multiplied by the number of months of service normally
20 required by the position in a year.

21 (Source: P.A. 90-448, eff. 8-16-97.)

22 (40 ILCS 5/7-142) (from Ch. 108 1/2, par. 7-142)
23 Sec. 7-142. Retirement annuities - Amount.

24 (a) The amount of a retirement annuity shall be the sum
25 of the following, determined in accordance with the actuarial
26 tables in effect at the time of the grant of the annuity:

27 1. For employees with 8 or more years of service,
28 an annuity computed pursuant to subparagraphs a or b of
29 this subparagraph 1, whichever is the higher, and for
30 employees with less than 8 years of service the annuity
31 computed pursuant to subparagraph a:

32 a. The monthly annuity which can be provided
33 from the total accumulated normal, municipality and

1 prior service credits, as of the attained age of the
2 employee on the date the annuity begins provided
3 that such annuity shall not exceed 75% of the final
4 rate of earnings of the employee.

5 b. (i) The monthly annuity amount determined
6 as follows by multiplying (a) $1\frac{2}{3}\%$ for annuitants
7 with not more than 15 years or (b) $1\frac{2}{3}\%$ for the
8 first 15 years and 2% for each year in excess of 15
9 years for annuitants with more than 15 years by the
10 number of years plus fractional years, prorated on a
11 basis of months, of creditable service and multiply
12 the product thereof by the employee's final rate of
13 earnings.

14 (ii) For the sole purpose of computing the
15 formula (and not for the purposes of the limitations
16 hereinafter stated) \$125 shall be considered the
17 final rate of earnings in all cases where the final
18 rate of earnings is less than such amount.

19 (iii) The monthly annuity computed in
20 accordance with this subparagraph b, shall not
21 exceed an amount equal to 75% of the final rate of
22 earnings.

23 (iv) For employees who have less than 35 years
24 of service, the annuity computed in accordance with
25 this subparagraph b (as reduced by application of
26 subparagraph (iii) above) shall be reduced by 0.25%
27 thereof (0.5% if service was terminated before
28 January 1, 1988) for each month or fraction thereof
29 (1) that the employee's age is less than 60 years,
30 or (2) if the employee has at least 30 years of
31 service credit, that the employee's service credit
32 is less than 35 years, whichever is less, on the
33 date the annuity begins.

34 2. The annuity which can be provided from the total

1 accumulated additional credits as of the attained age of
2 the employee on the date the annuity begins.

3 (b) If payment of an annuity begins prior to the
4 earliest age at which the employee will become eligible for
5 an old age insurance benefit under the Federal Social
6 Security Act, he may elect that the annuity payments from
7 this fund shall exceed those payable after his attaining such
8 age by an amount, computed as determined by rules of the
9 Board, but not in excess of his estimated Social Security
10 Benefit, determined as of the effective date of the annuity,
11 provided that in no case shall the total annuity payments
12 made by this fund exceed in actuarial value the annuity which
13 would have been payable had no such election been made.

14 (c) The retirement annuity shall be increased each year
15 by 2%, not compounded, of the monthly amount of annuity,
16 taking into consideration any adjustment under paragraph (b)
17 of this Section. This increase shall be effective each
18 January 1 and computed from the effective date of the
19 retirement annuity, the first increase being 0.167% -167% of
20 the monthly amount times the number of months from the
21 effective date to January 1. Beginning January 1, 1984 and
22 thereafter, the retirement annuity (including any retirement
23 annuity calculated under Section 7-142.1 or 7-145.1) shall be
24 increased by 3% each year, not compounded; except that for a
25 person who retires on or after January 1, 2003 with a
26 retirement annuity calculated under Section 7-142.1 (or under
27 Section 7-145.1, if the annuitant was otherwise eligible to
28 have the retirement annuity calculated under Section
29 7-142.1), the annual increases under this Section shall be 3%
30 of the total amount of the retirement annuity payable at the
31 time of the increase, including any increases previously
32 granted under this Article.

33 This increase shall not be applicable to annuitants who
34 are not in service on or after September 8, 1971.

1 (Source: P.A. 91-357, eff. 7-29-99.)

2 (40 ILCS 5/7-142.1) (from Ch. 108 1/2, par. 7-142.1)

3 Sec. 7-142.1. Sheriff's law enforcement employees.

4 (a) In lieu of the retirement annuity provided by
5 subparagraph 1 of paragraph (a) of Section 7-142:

6 Any sheriff's law enforcement employee who has 20 or more
7 years of service in that capacity and who terminates service
8 prior to January 1, 1988 shall be entitled at his option to
9 receive a monthly retirement annuity for his service as a
10 sheriff's law enforcement employee computed by multiplying 2%
11 for each year of such service up to 10 years, 2 1/4% for each
12 year of such service above 10 years and up to 20 years, and 2
13 1/2% for each year of such service above 20 years, by his
14 annual final rate of earnings and dividing by 12.

15 Any sheriff's law enforcement employee who has 20 or more
16 years of service in that capacity and who terminates service
17 on or after January 1, 1988 and before January 1, 2003 shall
18 be entitled at his option to receive a monthly retirement
19 annuity for his service as a sheriff's law enforcement
20 employee computed by multiplying 2.5% for each year of such
21 service up to 20 years, 2% for each year of such service
22 above 20 years and up to 30 years, and 1% for each year of
23 such service above 30 years, by his annual final rate of
24 earnings and dividing by 12.

25 Any sheriff's law enforcement employee who has 20 or more
26 years of service in that capacity and who terminates service
27 on or after January 1, 2003 shall be entitled at his or her
28 option to receive a monthly retirement annuity for service as
29 a sheriff's law enforcement employee computed by multiplying
30 2.5% for each year of such service by his annual final rate
31 of earnings and dividing by 12.

32 If a sheriff's law enforcement employee has service in
33 any other capacity, his retirement annuity for service as a

1 sheriff's law enforcement employee may be computed under this
2 Section and the retirement annuity for his other service
3 under Section 7-142.

4 In no case shall the total monthly retirement annuity
5 exceed 75% of the monthly final rate of earnings.

6 (b) Whenever continued group insurance coverage is
7 elected in accordance with the provisions of Section 367h of
8 the Illinois Insurance Code, as now or hereafter amended, the
9 total monthly premium for such continued group insurance
10 coverage or such portion thereof as is not paid by the
11 municipality shall, upon request of the person electing such
12 continued group insurance coverage, be deducted from any
13 monthly pension benefit otherwise payable to such person
14 pursuant to this Section, to be remitted by the Fund to the
15 insurance company or other entity providing the group
16 insurance coverage.

17 (c) A sheriff's law enforcement employee who has service
18 in any other capacity may convert up to 10 years of that
19 service into service as a sheriff's law enforcement employee
20 by paying to the Fund an amount equal to the additional
21 contribution required under Section 7-173.1, plus interest at
22 the prescribed rate from the date of the service to the date
23 of payment.

24 (Source: P.A. 85-941.)

25 (40 ILCS 5/7-144.3) (from Ch. 108 1/2, par. 7-144.3)
26 Sec. 7-144.3. Supplemental benefit payment.

27 (a) A supplemental benefit payment, consisting of a sum
28 calculated as provided in subsection (c), shall be payable to
29 each eligible retirement annuitant and surviving spouse
30 annuitant on July 1, 1993, and on each subsequent July 1;
31 ~~except--that--if--this--Code--is--amended---to---change---the~~
32 ~~uncompounded-annual-increase-in-retirement-annuity-granted-in~~
33 ~~subsection--(c)--of--Section--7-142--to--a--compounded-annual~~

1 increase, No supplemental benefit shall be paid under this
2 Section to a person who retires on or after January 1, 2003
3 with a retirement annuity calculated under Section 7-142.1
4 (or under Section 7-145.1, if the annuitant was otherwise
5 eligible to have the retirement annuity calculated under
6 Section 7-142.1); but this exclusion does not apply to the
7 surviving spouses of those persons on-any-July-1-occurring-on
8 or-after-the-effective-date-of-that-amendment. The amount of
9 the supplemental benefit payment, and a person's eligibility
10 to receive the supplemental benefit payment, shall be
11 redetermined for each year in which the benefit is payable.

12 (b) To be eligible to receive a supplemental benefit
13 payment, a person must be entitled to receive a retirement
14 annuity or surviving spouse annuity from the Fund on the July
15 1 supplemental benefit payment date, and must have been
16 receiving that annuity during each of the 12 months
17 immediately preceding that date; except that a surviving
18 spouse annuitant whose surviving spouse annuity began less
19 than one year before the July 1 supplemental benefit payment
20 date shall be eligible if the deceased spouse received a
21 retirement annuity from the Fund during the period from the
22 previous July 1 until the start of the surviving spouse
23 annuity.

24 (c) The amount of the supplemental benefit payment shall
25 be determined by the Board as follows:

26 (1) The total amount available for the payment of
27 supplemental benefit payments under this Section in any
28 year shall be 0.62% of the last annual participating
29 payroll for all participating municipalities and
30 participating instrumentalities in the Fund, as
31 determined and reconciled by the Fund.

32 (2) The amount of the supplemental benefit payment
33 to each eligible person shall be a portion of the total
34 amount available under paragraph (1), equal to that

1 portion of the total amount payable by the Fund to all
2 eligible persons for retirement and surviving spouse
3 annuities in the June preceding the July 1 supplemental
4 benefit payment date, that is payable to the eligible
5 person in that month.

6 (3) Notwithstanding paragraph (2), the amount of
7 any supplemental benefit payment paid to an annuitant
8 under this Section shall not exceed any benefit
9 limitations established by the federal government for
10 qualified public pension plans.

11 (Source: P.A. 87-850.)

12 (40 ILCS 5/7-152) (from Ch. 108 1/2, par. 7-152)

13 Sec. 7-152. Disability benefits - Amount. The amount of
14 the monthly temporary and total and permanent disability
15 benefits shall be 50% of the participating employee's final
16 rate of earnings on the date disability was incurred, subject
17 to the following adjustments:

18 (a) If the participating employee has a reduced rate of
19 earnings at the time his employment ceases because of
20 disability, the rate of earnings shall be computed on the
21 basis of his last 12 month period of full-time employment.

22 (b) If the participating employee is eligible for a
23 disability benefit under the federal Social Security Act, the
24 amount of monthly disability benefits shall be reduced, but
25 not to less than \$10 a month, by the amount he would be
26 eligible to receive as a disability benefit under the federal
27 Social Security Act, whether or not because of service as a
28 covered employee under this Article. The reduction shall be
29 effective as of the month the employee is eligible for Social
30 Security disability benefits. The Board may make such
31 reduction if it appears that the employee may be so eligible
32 pending determination of eligibility and make an appropriate
33 adjustment if necessary after such determination. If the

1 employee, because of his refusal to accept rehabilitation
2 services under the federal Rehabilitation Act of 1973 or the
3 federal Social Security Act, or because he is receiving
4 workers' compensation benefits, has his Social Security
5 benefits reduced or terminated, the disability benefit shall
6 be reduced as if the employee were receiving his full Social
7 Security disability benefit.

8 (c) If the employee (i) is over the age for a full
9 Social Security old-age insurance benefit, (ii) was not
10 eligible for a Social Security disability benefit immediately
11 before reaching that age, and (iii) is eligible for a full
12 Social Security old-age insurance benefit, then the amount of
13 the monthly disability benefit shall be reduced, but not to
14 less than \$10 a month, by the amount of the old-age insurance
15 benefit to which the employee is entitled, whether or not the
16 employee applies for the Social Security old-age insurance
17 benefit. This reduction shall be made in the month after the
18 month in which the employee attains the age for a full Social
19 Security old-age insurance benefit. However, if the employee
20 was receiving a Social Security disability benefit before
21 reaching the age for a full Social Security old-age insurance
22 benefit, the disability benefits after that age shall be
23 determined under subsection (b) of this Section.

24 (d) The amount of disability benefits shall not be
25 reduced by reason of any increase, other than one resulting
26 from a correction in the employee's wage records, in the
27 amount of disability or old-age insurance benefits under the
28 federal Social Security Act which takes effect after the
29 month of the initial reduction under paragraph (b) or (c) of
30 this Section.

31 (e) If the employee in any month receives compensation
32 from gainful employment which is more than 25% of the final
33 rate of earnings on which his disability benefits are based,
34 the temporary disability benefit payable for that month shall

1 be reduced by an amount equal to such excess.

2 (f) An employee who has been disabled for at least 30
3 days may return to work for the employer on a part-time basis
4 for a trial work period of up to one year, during which the
5 disability shall be deemed to continue. Service credit shall
6 continue to accrue and the disability benefit shall continue
7 to be paid during the trial work period, but the benefit
8 shall be reduced by the amount of earnings received by the
9 disabled employee. Return to service on a full-time basis
10 shall terminate the trial work period. The reduction under
11 this subsection (f) shall be in lieu of the reduction, if
12 any, required under subsection (e).

13 (g) Beginning January 1, 1988, every total and permanent
14 disability benefit shall be increased by 3% of the original
15 amount of the benefit, not compounded, on each January 1
16 following the later of (1) the date the total and permanent
17 disability benefit begins, or (2) the date the total and
18 permanent disability benefit would have begun if the employee
19 had been paid a temporary disability benefit for 30 months.

20 (h) Beginning January 1, 2003, the basic disability
21 benefit for a sheriff's law enforcement employee whose
22 disability is the result of sickness, accident, or injury
23 incurred in or resulting from the performance of an act of
24 duty shall be 65% of the employee's final rate of earnings on
25 the date the disability was incurred, rather than the 50%
26 otherwise provided under this Section. A sheriff's law
27 enforcement employee who meets the requirement of this
28 subsection (h) and is receiving a disability benefit on that
29 date shall have the benefit increased accordingly.

30 (Source: P.A. 92-424, eff. 8-17-01.)

31 (40 ILCS 5/7-156) (from Ch. 108 1/2, par. 7-156)
32 Sec. 7-156. Surviving spouse annuities - amount.

33 (a) The amount of surviving spouse annuity shall be:

1 1. Upon the death of an employee annuitant or such
2 person entitled, upon application, to a retirement annuity at
3 date of death, (i) an amount equal to 1/2 of the retirement
4 annuity (in the case of such a person who dies on or after
5 January 1, 2003 with at least 20 years of service as a
6 sheriff's law enforcement employee, 66% of the retirement
7 annuity) which was or would have been payable exclusive of
8 the amount so payable which was provided from additional
9 credits, and disregarding any election made under paragraph
10 (b) of Section 7-142, plus (ii) an annuity which could be
11 provided at the then attained age of the surviving spouse and
12 under actuarial tables then in effect, from the excess of the
13 additional credits, (excluding any such credits used to
14 create a reversionary annuity) used to provide the annuity
15 granted pursuant to paragraph (a) (2) of Section 7-142 of
16 this article over the total annuity payments made pursuant
17 thereto.

18 2. Upon the death of a participating employee on or
19 after attainment of age 55, an amount equal to 1/2 of the
20 retirement annuity (in the case of such a person who dies on
21 or after January 1, 2003 with at least 20 years of service as
22 a sheriff's law enforcement employee, 66% of the retirement
23 annuity) which he could have had as of the date of death had
24 he then retired and applied for annuity, exclusive of the
25 portion thereof which could have been provided from
26 additional credits, and disregarding paragraph (b) of Section
27 7-142, plus an amount equal to the annuity which could be
28 provided from the total of his accumulated additional credits
29 at date of death, on the basis of the attained age of the
30 surviving spouse on such date.

31 3. Upon the death of a participating employee before age
32 55, an amount equal to 1/2 of the retirement annuity (in the
33 case of such a person who dies on or after January 1, 2003
34 with at least 20 years of service as a sheriff's law

1 enforcement employee, 66% of the retirement annuity) which he
2 could have had as of his attained age on the date of death,
3 had he then retired and applied for annuity, and the
4 provisions of this Article that no such annuity shall begin
5 until the employee has attained at least age 55 were not
6 applicable, exclusive of the portion thereof which could have
7 been provided from additional credits and disregarding
8 paragraph (b) of Section 7-142, plus an amount equal to the
9 annuity which could be provided from the total of his
10 accumulated additional credits at date of death, on the basis
11 of the attained age of the surviving spouse on such date.

12 In the case of the surviving spouse of a person who dies
13 before the effective date of this amendatory Act of the 92nd
14 General Assembly, if the a surviving spouse is more than 5
15 years younger than the deceased, that portion of the annuity
16 which is not based on additional credits shall be reduced in
17 the ratio of the value of a life annuity of \$1 per year at an
18 age of 5 years less than the attained age of the deceased, at
19 the earlier of the date of the death or the date his
20 retirement annuity begins, to the value of a life annuity of
21 \$1 per year at the attained age of the surviving spouse on
22 such date, according to actuarial tables approved by the
23 Board. This reduction does not apply to the surviving spouse
24 of a person who dies on or after the effective date of this
25 amendatory Act of the 92nd General Assembly.

26 In computing the amount of a surviving spouse annuity,
27 incremental increases of retirement annuities to the date of
28 death of the employee annuitant shall be considered.

29 (b) Each surviving spouse annuity payable on January 1,
30 1988 shall be increased on that date by 3% of the original
31 amount of the annuity. Each surviving spouse annuity that
32 begins after January 1, 1988 shall be increased on the
33 January 1 next occurring after the annuity begins, by an
34 amount equal to (i) 3% of the original amount thereof if the

1 deceased employee was receiving a retirement annuity at the
2 time of his death; otherwise (ii) 0.167% of the original
3 amount thereof for each complete month which has elapsed
4 since the date the annuity began.

5 On each January 1 after the date of the initial increase
6 under this subsection, each surviving spouse annuity shall be
7 increased by 3% of the originally granted amount of the
8 annuity.

9 (Source: P.A. 85-941.)

10 (40 ILCS 5/7-169) (from Ch. 108 1/2, par. 7-169)

11 Sec. 7-169. Separation benefits; repayments. If an
12 employee who has received a separation benefit subsequently
13 becomes a participating employee, and renders at least 2
14 years of contributing service from the date of such re-entry,
15 he may pay to the fund the amount of the separation benefit,
16 plus interest at the effective rate for each year from the
17 date of payment of the separation benefit to the date of
18 repayment. Upon payment his creditable service shall be
19 reinstated and the payment shall be credited to his account
20 as normal contributions. Beginning January 1, 2003, the
21 requirement of returning to service for at least 2 years does
22 not apply to persons who return to service as a sheriff's law
23 enforcement employee.

24 (Source: P.A. 84-1028.)

25 (40 ILCS 5/7-173.1) (from Ch. 108 1/2, par. 7-173.1)

26 Sec. 7-173.1. Additional contribution by sheriff's law
27 enforcement employees.

28 (a) Each sheriff's law enforcement employee shall make
29 an additional contribution of 1% of earnings, which shall be
30 considered as normal contributions. For earnings on or after
31 July 1, 1988, the additional contribution shall be 2% of
32 earnings. For earnings on or after January 1, 2003, the

1 additional contribution shall be 3.1% of earnings; this
2 increase is intended to defray the employee's portion of the
3 cost of the benefit increases provided by this amendatory Act
4 of the 92nd General Assembly.

5 This additional contribution shall be payable for
6 retroactive service periods which the employee elects to
7 establish and to periods of authorized leave of absence.

8 (b) If the employee is awarded a retirement annuity
9 under Section 7-142 and not under Section 7-142.1, then the
10 additional contribution required under this Section shall be
11 refunded with interest or paid as provided in subsection (c).
12 If the employee returns to a participating status as a
13 sheriff's law enforcement employee, the employee may repay
14 the amount refunded with interest and upon subsequent
15 retirement be entitled to a recomputation of the retirement
16 annuity under Section 7-142.1 if the total service as a
17 sheriff's law enforcement employee meets the requirements of
18 that Section.

19 (c) Instead of a refund under subsection (b), the
20 retiring employee may elect to convert the amount of the
21 refund into an annuity, payable separately from the
22 retirement annuity. If the annuitant dies before the
23 guaranteed amount has been distributed, the remainder shall
24 be paid in a lump sum to the designated beneficiary of the
25 annuitant. The Board shall adopt any rules necessary for the
26 implementation of this subsection.

27 (Source: P.A. 90-766, eff. 8-14-98.)

28 Section 90. The State Mandates Act is amended by adding
29 Section 8.26 as follows:

30 (30 ILCS 805/8.26 new)

31 Sec. 8.26. Exempt mandate. Notwithstanding Sections 6
32 and 8 of this Act, no reimbursement by the State is required

1 for the implementation of any mandate created by this
2 amendatory Act of the 92nd General Assembly.

3 Section 99. Effective date. This Act takes effect upon
4 becoming law.